

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

Minutes of Meeting of Board of Directors
January 11, 2011

The Board of Directors ("Board") of Harris County Municipal Utility District No. 1 ("District") met at 1100 Louisiana Street, Suite 400, Houston, Texas, on January 11, 2011 in accordance with the duly posted notice of the meeting, with a quorum of directors present, as follows:

Doug Caldwell, Jr., President
Craig C. Young, Vice President
Raymond Kelley, Secretary
Greg Vratil, Director
Gus Gustafson, Director

and the following absent:

None

Also present were Mr. Mike Potter of Hays Utility Service, Mr. Duncan Lamme of RBC Capital Markets, Mr. Mark Roth of Mark L. Roth, CPA, Ms. Cindi Oliver of Equi-Tax, Inc., Ms. Mary Lutz of McLennan & Associates, LP, Mr. Erik Spencer of Van De Wiele & Vogler, Inc., Mr. Ron Walkoviak of Development Consultants Inc., and Mr. J. Davis Bonham, Jr. and Mr. James D. Bonham, attorneys for the District.

The President called the meeting to order and declared it open for such business as might properly come before it.

1. The Board considered the minutes of the meeting of December 14, 2010, and upon motion duly made, seconded and unanimously carried, the Board approved the minutes as presented.

2. The Board then recognized Ms. Mary Lutz who presented the attached bookkeeper's report. The Board considered invoices presented by the bookkeeper and reviewed a schedule of District investments. The Board also reviewed the general fund budget comparison of actual versus budgeted revenues and expenditures. The Board reviewed a summary of revenue and expenditures related to the North Harris County Regional Water Authority prepared by Director Vratil. The Board also reviewed the revenues and expenditures for the Water Authority for the five-year period ending September 30, 2010 as reflected in the audit report. The Board discussed the matter and thanked Mr. Vratil for his work. The Board also requested Mr. Potter include in his monthly report revenues and expenditures related to the Water Authority. After review and discussion, upon unanimous vote, the Board approved the bookkeeper's report and the checks listed thereon.

3. The Board recognized Mr. Mark Roth who presented the audit report for the fiscal year ended September 30, 2010, including the management discussion and analysis.

The Board reviewed the report, and upon unanimous vote, the Board approved the audit report and authorized the attorney to file the report with the TCEQ with the required filing affidavit.

4. The Board then considered the attached resolution confirming review of the District's investment policy, and upon unanimous vote, the resolution was approved by the Board.

5. The Board then discussed with the District's attorney the continuing disclosure requirement under MSRB Rule 15c2-12 and the District's bond order covenants, and upon unanimous vote, the attorney was instructed to prepare the necessary disclosure.

6. The Board then discussed the District's pending application for use of surplus funds and engaged Mark L. Roth, CPA to perform the necessary review prior to developer reimbursement.

7. The Board then reviewed the tax assessor-collector's report reflecting the 2010 taxes to be 29% collected. The Board reviewed a schedule of delinquent taxes and a schedule of disbursements from the tax account. The Board considered a request for an installment payment agreement on the Veliz account, and upon unanimous vote, the installment payment agreement was approved by the Board. Upon motion duly made, seconded and unanimously carried, the Board approved the tax assessor-collector's report and the checks drawn on the tax account.

8. The Board then considered the attached order adopting an over 65 or disabled homestead exemption, and upon unanimous vote, the order was approved by the Board.


9. The Board then considered the attached order levying an additional 20% penalty on delinquent taxes which remain outstanding on July 1, 2011, as well as confirming engagement of the delinquent tax attorney, and upon unanimous vote, the order was approved by the Board.

10. Mr. Mike Potter was then recognized by the Board and presented the operator's report reflecting 1,871 total connections in the District. The Board reviewed the water production and consumption data, and it appeared that 91.87% of the water pumped during the previous month had been accounted for. The operator reported on the operation of water plant no. 1, water plant no. 2 and the wastewater treatment plant and advised that there were no waste discharge permit violations during the reporting period. Mr. Potter discussed with the Board various options for improving security at the District's water and sewer plants, and the Board requested Mr. Potter contact Today's Integration to request additional alternatives. The Board discussed the installation of signs to prevent unauthorized entry onto Harris County Flood Control property. The Board also reviewed the billing and collections data which appears in the report. Upon motion duly made, seconded and unanimously carried, the Board approved the operator's report and authorized termination of services to all customers appearing on the delinquent list.

11. The Board then recognized Mr. Erik Spencer who presented the engineer's report. Mr. Spencer reported that the Harris County Flood Control District will inspect the Wimbledon Country drainage improvements on January 18, 2011 and discussed with the Board alternatives for location of water plant no. 3. Mr. Spencer reported that the request for waiver of

the elevated water storage tank requirement had been submitted to the TCEQ and reported on the status of development in the various subdivisions in the District. The engineer presented change order no. 2 on the Reddico Construction Company contract in Saddlebrook Village, Section 2, which was approved by the Board. The engineer also presented pay applications as reflected in the report, all of which were approved by the Board. Mr. Spencer presented change order no. 1 to the Clearwater Utilities contract for The Preserve at Northampton, Section 1, which was approved by the Board. The engineer reported on extension of power by CenterPoint Energy to wastewater treatment plant no. 2 and reported on the status of the MAS contractor's contract, including communications with SureTec, the surety. After discussion by the Board, upon unanimous vote, the Board approved the engineer's report.

There being no further business to come before the Board, the meeting was adjourned.


Secretary